

Welcome

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44% of employers offer health insurance to employees, first and foremost, because they feel morally obligated to do so (*eHealth, Inc., March 2013*)

54% of small businesses say health care costs are hurting the business environment “a lot” (*Gallup poll, January 2013*)

67% of small business owners say they would not stop offering their employees health insurance; only 6% of employers say they’ll definitely stop offering (*eHealth, Inc., March 2013*)

62% of small employers acknowledge not understanding exchanges at all (*eHealth, Inc., March 2013*)

56% of small employers misunderstand the employer mandate (*eHealth, Inc., March 2013*)

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Reform Timeline



2010	2011-2013	2014
Rate review	MLR	Employer mandate (related penalty for non-compliance postponed to 2015)
Tax credits for small employers	Grants for small employer wellness programs	Individual mandate
No preexisting conditions (kids)	Increased tax on nonqualified HSA disbursements	Exchanges
No lifetime limits	W-2 reporting	No annual limits
Restrictions on annual limits	Standardized summary of coverage & benefits glossary	Guaranteed Issue (Individual)
Preventive coverage	Notice of material modification	New product framework (Individual & SG)
	FSA contributions limited to \$2,500/year	Increased small business tax credit
	Tax exclusions for Medicare Part D retiree drug payments eliminated	Premium subsidies and tax credits for low income individuals

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The Big Picture for Individuals

Americans not covered under a government plan will have three options for health insurance in 2014:

1. Get coverage through **employer** if available
2. Buy an **individual** plan through either:
 - The individual market exchange – purchaser may be eligible for subsidy
 - The off-exchange market
3. **Go uninsured** (*will pay penalty unless they qualify for an individual exemption*)



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The Big Picture for Small Groups

Employers who have 50 or fewer employees will have at least three health insurance options in 2014:

1. Offer a fully insured plan through either:
 - A SHOP exchange
 - The off-exchange (private) market
2. Stop offering coverage and let employees buy through the Individual market
3. Offer an ASO plan in which essential health benefits and metal level requirements don't exist

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The Big Picture for Large Groups

Employers who have more than 50 employees will have at least three health coverage options in 2014:

- **Offer health coverage** – either fully insured or ASO – that meets the minimum coverage definition (no essential health benefit or metal level requirements) and is affordable
 - **Offer some level of coverage** that does not meet minimum requirements. This option exists without any penalty in 2014, but for 2015 and beyond, employers may pay a penalty if the coverage offered does not meet the minimum requirements
 - **Stop offering coverage**, let employees buy through the Individual market and risk paying the employer penalty
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The Affordable Care Act Reduces Premium Cost Growth and Increases Access to Affordable Care



Before ACA, Small Employers Faced Many Obstacles to Covering Workers

- Too few choices
- Higher premiums and unpredictable rate increases
- Higher rates for groups with women, older workers & those with chronic health concerns or high-cost illnesses, in most states
- Waiting periods or no coverage for individuals with Pre-Existing Conditions

July 2013

Today, under ACA, insurance companies:

- Face limits on administrative spending. Most insurers must now spend at least 80 percent of consumers' premium dollars on actual medical care
- Must disclose and justify proposed rate hikes of 10% or more, which states, or the federal government, may review

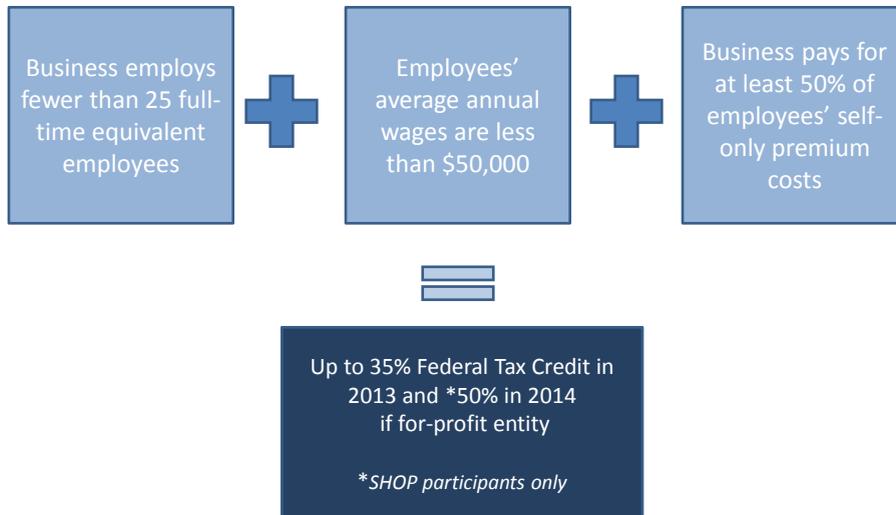
Starting in 2014, insurance companies:

- Can't charge higher rates or deny coverage because of a chronic or pre-existing condition
- Can't charge higher rates for women, and face limits on charging additional premiums for older employees
- Will pool risks across small groups creating larger pools like large businesses
- Must not have annual dollar limits on coverage
- Must offer plans that provide a core package of "Essential Health Benefits" equal to typical employer plans in the state

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Small Business Health Care Tax Credit



July 2013

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More Access to Affordable Care: New Health Insurance Marketplaces



SHOP = Small Business Health Options Program

- Part of the new Health Insurance Marketplaces (sometimes called “Exchanges”)
- Spurs competition for customers based on price and quality, rather than by avoiding risk
- Provides “Essential Health Benefits” -- same level of benefits & services that would be covered in most employer-based plans
 - Most states will use small group health insurance products as benchmark for core package of Essential Health Benefits
- Helps employers better predict and control health insurance expenses
- Will pool risks for small groups and reduce administrative complexity, thereby reducing costs
- Works with new insurance reforms and tax credits to lower barriers to offering health insurance that small employers face

July 2013

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Enrolling in SHOP: Who, When & How

Which small businesses are eligible?

- Businesses with generally 50 or fewer employees (Hawaii might allow businesses with up to 100 employees)
- Starting in 2016, employers with up to 100 employees will be eligible to participate
- Once a business enrolls, it can grow and still remain in SHOP

When can businesses enroll?

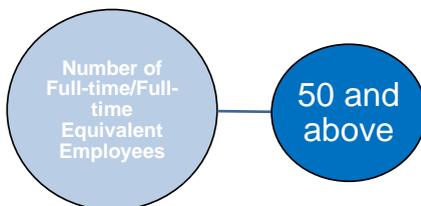
- Starting October 1, 2013 for coverage beginning January 1, 2014
- Thereafter, throughout the year on a monthly basis

How can businesses enroll?

- Through a broker, OR
- Directly through the SHOP. Visit www.healthcare.gov for more information and to sign-up for alerts

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Employer Shared Responsibility Provisions – Effective 2015: How does a business know if it's subject to these rules?



An employer averaging **50 or more** full-time (or combo of 50 full-time and full-time equivalent) employees **is** subject to these rules.

An employer averaging **less than 50** full-time or full-time equivalent employees **is not** subject to these rules -- that's **96%** of all firms in the U.S.

Employer Shared Responsibility Provisions



If employer meets 50 full-time/FTE employee threshold, two scenarios for potential shared responsibility payment

- **EITHER**

(1) An employer does not offer coverage to at least 95% of its full-time employees (and their dependents), **OR**

(2) The coverage offered to employer's full-time employees is not "affordable" or does not provide "minimum value"

- **AND**

At least one full-time employee receives a premium tax credit in the individual Marketplace

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Which employees could be eligible for premium tax credits to purchase coverage in a Marketplace?



Employees:

- ✓ Whose incomes are between 100% and 400% of federal poverty level [for example, a 3-person family with income between \$19,090 and \$76,360 for 2012] and who enroll in coverage through a Marketplace

AND

- ✓ Who are **not offered** or not eligible for employer-sponsored coverage; OR who are eligible only for employer coverage that is unaffordable or that does not provide minimum value

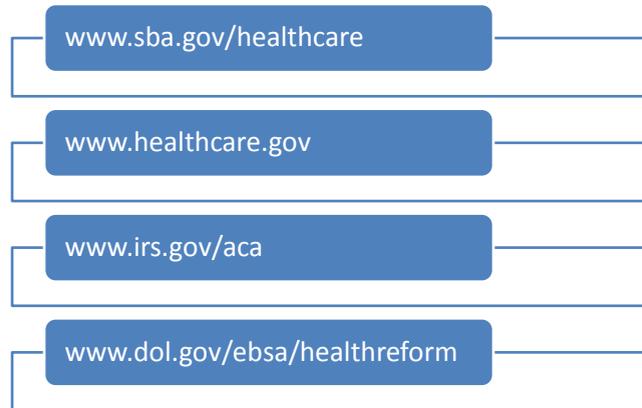
AND

- ✓ Who are not eligible for coverage through a government-sponsored program like Medicaid or CHIP

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Small Business Resources for the Affordable Care Act



July 2013

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Small Business Resources in New Hampshire



<http://www.nh.gov/insurance/>
<http://www.nh.gov/insurance/consumers/fedhealthref.htm>

Watch for periodic updates from the New Hampshire Department of Insurance on:

- New Hampshire Marketplace and SHOP
- Consumer Assistance
 - State-wide education and outreach
 - Navigators

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New Hampshire Insurance Department



NH Health Marketplace Partnership August 2013

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What is the Health Marketplace?

- The Health Benefit Marketplace, also known as the Exchange, is an **online marketplace** where individuals will be able to purchase health insurance.
- The Marketplace will be open for enrollment in health plans beginning **October 1, 2013**. The coverage will take effect beginning **January 1, 2014**.
- Many low and moderate-income individuals using the Marketplace will be able to obtain **payment assistance** to help them buy health insurance, and they may get **discounts** on deductibles, copays and other cost-sharing. The Marketplace will also be a place people can **enroll in Medicaid**.
- Small businesses will be able to use a separate marketplace called the **SHOP exchange** to provide health insurance to employees and to see if the business qualifies for a **small business tax credit**.

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New Hampshire's Marketplace Model

- The Marketplace will be constructed and run by the federal government (CMS/CCIIO) in accordance with federal standards.
- Under NH's partnership model, the state will operate some specific functions (plan management and consumer assistance) funded by federal grants through 2014.
- The plan management function is well underway, with the state set to recommend to CCIIO by July 31, 2013 which health plans qualify for sale on the Marketplace.
- New Hampshire is still in the process of developing its model for the consumer assistance functions.

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NH Health Insurance Marketplace – With Partnership

Federal Marketplace Functions

The Marketplace set up by the federal government will perform the following tasks:

- **Maintain a website** to provide plan information and options in a standardized format.
- Operate a **toll-free hotline**.
- Administer the **tax credit** and transfer to the Treasury and employers a list of eligible employees.
- Make available a **calculator** to determine actual cost of coverage after subsidies.
- Administer the individual responsibility **mandate**.
- Establish a **Navigator** program that provides grants to entities that assist consumers

The federal government will also set up the **SHOP** Exchange for small employers

Plan Management

- **State role:**
 - » Qualified Health Plan certification, including licensure and good standing, Essential Health Benefits, meaningful difference review
 - » Collection and analysis of plan rate and benefit package information
 - » Ongoing issuer oversight
 - » Plan monitoring, oversight, data collection and analysis for quality
 - » Assist consumers who have complaints about carriers or plans.

Consumer Assistance

- **Potential State roles include:**
 - » State-specific outreach and education
 - » Oversee conduct of Navigators
 - » Possible supplemental in-person assistance program
- **Federal role:**
 - » Call center operations
 - » Website management
 - » Written correspondence with consumers on eligibility/enrollment
 - » Selection of Navigators

NH DHHS will continue to operate the state Medicaid program, including an interface with the Marketplace.

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What Consumers Will See – With Consumer Assistance Partnership

New Hampshire Health Insurance Marketplace – set up and operated by federal government		
<ul style="list-style-type: none"> • Website • Toll-free hotline. • Subsidy eligibility determination • Uniform application for coverage • Establish a Navigator program that provides grants to entities that assist consumers <p>The federal government will also set up the SHOP Exchange for small employers</p>		
Plan Management	Consumer Assistance	Types of Consumer Assisters
<p>NHID reviews and approves plans, rates and forms</p> <p>NHID Consumer Services – Assist consumers who have complaints about carriers or plans.</p>	<p>Coordination of entities working with consumers</p> <p>NH-specific materials for assisters to use.</p> <p>NH-specific informational website, including information geared to producers.</p> <p>NH-specific marketing and outreach</p>	<p>Agents and Brokers (Producers) - clear and distinct role as <i>only assister able to recommend a particular plan</i></p> <p>Navigators - primary non-producer assisters - selected and funded by feds</p> <p>Certified Application Counselors - non-funded assisters – assist as part of existing job (e.g., medical provider, Medicaid office staff)</p> <p>Marketplace Assisters - Potential supplemental program to address gaps</p>

NH DHHS will continue to operate the state Medicaid program, including an interface with the Marketplace.

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Small Employer Options

Employers with fewer than 50 employees will have at least three health insurance options in 2014:

- Offer a **fully insured** plan through either:
 - The **SHOP** exchange (only way to access tax credit)
 - The private (off-exchange) **small group market**
- Offer a **self-funded** plan, if allowed by state law, where essential health benefits and metal level requirements don't apply
- **Stop offering coverage**; let employees buy through the individual market or Exchange

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Large Employer Options

Employers with **50 or more employees** will have at least three health insurance options in 2015 (penalty delayed 1 year):

- Offer health insurance, either fully insured or self-insured, that meets **minimum coverage definition** (no essential health benefit or metal level requirements) and is affordable
- Offer some level of **coverage that does not meet minimum requirements** and **pay employer penalty** based on number of employees **receiving subsidy**
- **Stop offering coverage**, let employees buy through the individual market or Exchange, and pay **employer penalty based on total number** of employees

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For Further Information

New Hampshire Insurance Department

(603) 271-2261

<http://www.nh.gov/insurance/consumers/fedhealthref.htm>

Small Business Administration – Employer info

<http://www.sba.gov/healthcare>

U.S. Department of Health and Human Services -
Health Reform Website

<http://www.healthcare.gov/index.html>

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Tom Boucher

CEO-Owner



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www.GreatNHRestaurants.com

Affordable Care Act: Tough Decisions for Employers & Employees

**500+ Employees and \approx 150
insured through GNHR Inc.**

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Affordable Care Act: Tough Decisions for Employers & Employees

GREAT NH RESTAURANTS, Inc.
T-BONES | Cactus Jack's | Copper Door

Full-Time Hourly Employees 242	Full-Time Salary Employees 50	Part-Time Hourly Employees 211
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Affordable Care Act: Tough Decisions for Employers & Employees

GREAT NH RESTAURANTS, Inc.
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Currently on Plan	Full-Time Hourly Employees 109	Full-Time Salary Employees 46*	Total Employees on Plan 155
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Affordable Care Act: Tough Decisions for Employers & Employees

GREAT NH RESTAURANTS, Inc.
T-BONES | Cactus Jack's | Copper Door

Not insured through GNHR	Full-Time Hourly Employees 133	Full-Time Salary Employees 4	Total Employees <u>not</u> on Plan* 133
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Clearly we need a strategy...
≈\$266,000/year new expense

Surveys to Learn Employees Insurance Needs

- a. Will they go on spouses plan
- b. Will they go on parents plan
- c. Will they pay IRS penalty
- d. Will they come on to our plan

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- Mailed surveys yielded 10% response.
- Subsequently:
General Manager's surveyed one-on-one.

Of the 109 potential to insure it was determined 79 potential to insure.

We estimate 2/3 of the 79 will opt in = 53

53 X \$2,000 = \$100,000+

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Employees facing a potential
\$2,000/year new expense

**Challenged with some tough
decisions about their lifestyle
choices and employment changes.**

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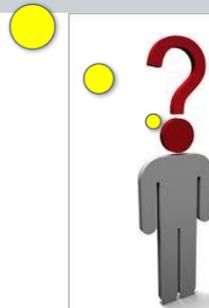
**"Should I get
two part-time
jobs?"**



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**"...or maybe
I'll just pay
the penalty"**



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"...Looks like I'll have to work one extra shift every week to pay for health insurance"



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Great NH Restaurants Options...

1. Drop Insurance and pay the penalty.
2. Look at Self-Insured.
3. Cut benefits to Managers to pay for increased \$100,000 expense.
4. Reduce hours to under 30 hours.

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Great NH Restaurants Strategy...

Part of our culture has always been:

When faced with a liability, find a way to turn it into an asset.

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Great NH Restaurants Strategy...

And so we came up with a 5th option which we think is the right investment in our companies and employees future.

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Embrace the opportunity to become the employer of choice for employees in the restaurant industry

1. We will give guidance, to those employees who qualify, about opportunities in the State/Federal Exchange.
2. We will not cut benefits nor hours.
3. Incur small price increase coupled with cuts that won't affect employees and guests.

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We will be very transparent to our employees about the cost and impact of PPACA and appeal to them for support of our tactic.

- Our plan will include operational focus's so that we may 'Execute Greatness' in Food Quality and Service.
- Encourage employees to reach out to elected officials in support of the National Restaurant Associations top 2 concerns

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National Restaurant Association 2 of its top initiatives regarding PPACA



- Definition of Full-Time Employee
 - *Should be raised to 40 hours per week.*

- Auto-Enrollment Eliminated
 - *Redundant and will cause employee confusion*

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The law is too onerous on business that have a high number of employees as compared to it's low margins.

- Still time to find relief in some of the rules within the law.

- Lots of information and guidance available with business associations. - grass roots voices.

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Dawn Sweeney – President of the National Restaurant Association:

“The White House's announcement last month, giving employers a year of "transition relief" in the health care law's employer-mandate penalties and some reporting requirements, was welcome news to the NRA and its members.

The National Restaurant Association played a key role in encouraging this action and is widely recognized as being one of the groups having the most significant impact in making the case for change.



**Tom Boucher
CEO-Owner**

Great NH Restaurants, Inc.
T-BONES | Cactus Jack's | Copper Door
tb@tomboucher.com
603-488-2820 office



ENERGY & COMMERCE COMMITTEE
UNITED STATES HOUSE OF REPRESENTATIVES
CHAIRMAN FRED UPTON

About E&C Subcommittees News Center Issues in Focus

Committee Learns How Health Care Law Hurts Job Creation, the Economy, and Workers

March 13, 2013

"We opted not to open another restaurant this year because we knew that this was coming..." Tom Boucher, Owner and CEO of Great New Hampshire Restaurants



<http://energycommerce.house.gov/press-release/committee-learns-how-health-care-law-hurts-job-creation-economy-and-workers>



10-Minute Break

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Affordable Care Act 101

Bill Graham, SVP, Policy and Government Affairs

August 8, 2013

Agenda

- Essential Health Benefits
- Market Reforms

Essential Health Benefits (EHB)

- Effective January 1, 2014, all coverage sold to individuals and small groups must comply with EHB standards.
- EHB standards specify:
 - Covered benefits, including pediatric dental coverage
 - Cost sharing requirements (the so-called “metal tiers”)
 - Deductible limits for small groups
 - Out-of-pocket maximum limits

EHB Covered Services

- EHB compliant plans must cover the following 10 categories of services
 - Ambulatory patient services
 - Emergency services
 - Hospitalization
 - Maternity and newborn care
 - Mental health and substance use disorder services, including behavioral health treatment
 - Prescription drugs
 - Rehabilitative and habilitative services and devices
 - Laboratory services
 - Preventive and wellness services and chronic disease management
 - Pediatric services, including oral and vision care
- EHB compliant plans must also cover all services included in the state's designated benchmark plan
- Annual dollar limits are not permitted on EHB services

EHB Pediatric Dental Coverage

- EHB pediatric dental coverage includes the same services as are covered under the federal employees' dental plan, including:
 - Cleanings and exams
 - Restorative services
 - Oral surgery
 - Medically necessary orthodontia
- Medical plans sold through the Exchange do not need to include pediatric dental if a stand alone dental plan is available through the Exchange.
- Medical plans sold outside the exchange do not need to include pediatric dental if the group provides "reasonable assurances" that members are enrolled in an Exchange certified dental plan.

EHB Cost Sharing

- EHB compliant plans must “fit” into one of four metal tier categories based on actuarial value
 - Bronze = 60 percent
 - Silver = 70 percent
 - Gold = 80 percent
 - Platinum = 90 percent
- For small group coverage, deductibles may not exceed \$2,000 for individuals and \$4,000 for families. Higher deductibles may be permitted if reasonably necessary to meet the metal tier requirements.
- Out of Pocket Maximums can be no greater than what is permitted for HSA plans.
 - 2014 limits: \$6,350 for individuals and \$12,700 for families
 - All in-network cost-sharing must apply to the OOP max. For 2014, there is a safe harbor for group plans under which pharmacy and dental cost sharing do not need to apply to the medical OOP max if the claims are processed separately.

Sample EHB Plans

Platinum

- No Deductible
- \$2000/\$4000 Out of Pocket Maximum
- \$25 /\$40 OV copay
- Inpatient: \$500
- Day Surgery: \$500
- ER: \$150
- MRI/CT: \$150
- Rx \$15/\$30/\$50;
\$30/\$60/\$150

Gold

- \$1000/\$2000 Deductible
- \$5000/\$10000 Out of Pocket Maximum
- \$30/\$45 OV copay
- Inpatient: Deductible/\$500
- Day Surgery: Deductible/\$250
- ER: Deductible/\$150
- MRI/CT: Deductible/\$200
- Rx: \$20/\$30/\$50;
\$40/\$60/\$150

Sample EHB Plans

Silver

- \$2000/\$4000 Deductible
- \$6400/\$12800 Out of Pocket Maximum
- \$30/\$50 OV copay
- Inpatient: Deductible/\$1000
- Day Surgery: Deductible/\$750
- ER: Deductible/\$250
- MRI/CT: Deductible/\$250
- Rx: \$20/\$35/\$70;
\$40/\$70/\$210

Bronze

- \$2000/\$4000 Deductible*
- \$6400/\$12800 Out of Pocket Maximum
- OV: Deductible/\$50/\$75
- Inpatient: Deductible/\$1000
- Day Surgery: Deductible/\$1000
- ER: Deductible/\$750
- MRI/CT: Deductible/\$1000
- Rx: \$30*/50%*/50%*;
\$60*/50%*/50%*

*Deductible applies to Medical and all RX Tiers

Benefit Changes for Large Employers (51+)

- Large groups do not need to comply with EHB standards, but:
 - Must comply with the out-of-pocket maximum limitation
 - Must offer a plan with a “minimum value” of at least 60%

Market Reforms

- Effective January 1, 2014, coverage must be offered on a guaranteed-issue basis with no pre-existing condition exclusions.
- For individuals and small groups, the only permissible rating factors are age, geographic location and smoking status.
 - Group size and industry type may no longer be used as rating factors.
 - For 2014, New Hampshire will be considered a single geographic region.
- Rates must be calculated on a “per member” basis, i.e., the number and ages of dependents on the contract must be taken into account.
 - Families will be charged for no more than 3 children under the age of 21.
- Rates to be calculated on a “list bill” basis, but may be converted back to a group-specific composite rate.

Member Level Rating

- Example 1 –
 - Employee 1 = Age 40; Spouse Age 40; 2 Kids Under Age 21
 - Employee 2 = Age 40, Spouse Age 35; 4 Kids Under Age 21
 - Employee 3 = Age 40; Spouse Age 35; 4 Kids (3 Under Age 21; 1 Age 21)
- Example 2 –
 - Employee 1 = Age 40; No dependents
 - Employee 2 = Age 60; No dependents
- Today, the premium attributable to each employee in each example would be the same. In 2014, it will be different.

The ACA Exchanges: Individual and Small Business Health Options Program (SHOP)

Countdown to October 1: The Affordable Care Act And Your Small Business
Southern New Hampshire University
August 8, 2013

Christine Alibrandi, Esq.
Healthcare Reform Project Coordinator, Northeast Delta Dental

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Affordable Care Act obligations:

- Individuals: Individual mandate
- Employers: Employer Shared Responsibility Payment

Two exchanges:

- Individual
- Small Business Health Options Program (SHOP)

In New Hampshire, one website as portal to either exchange.

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Health Premium Tax Credit (Individual):

- Eligibility determined at time of exchange application.
- Only available via plan purchased on individual exchange.
- Available to individuals whose income is below 400% of the federal poverty level but above 133% of FPL.
Income range: 1 person \$14,000- 44,000 (approx)
- Available as a tax credit at time of tax filing or in advance to realize the benefit during the year.
- Advance Premium Tax Credit - amount determined at application/enrollment and paid to insurer in monthly increments.

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Cost Sharing Reduction (CSR) Assistance (Individual):

- Eligibility determined at time of exchange application.
- Available to individuals whose income is between 100-250% FPL.
- Allows for lower out-of-pocket expenses for eligible individuals/families.

Note: While Health Premium Tax Credit available regardless of which level plan one chooses, the CSR only applies to those selecting a silver level plan.

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SHOP Exchange:

- Health and dental plans for small employers to offer employees.
- For employers with 50 or fewer fulltime equivalent (FTE) employees.
- Employers are not required to use SHOP to obtain coverage.

- Must offer coverage to all FTEs (30 hr/wk or more).
- Retirees can be included in group.
- 75% minimum participation rate (includes retirees in calculation).
- Multi-state employers may participate in multiple SHOPS but only one SHOP account per state.

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Minimum participation rate:

- At least 75% of employees must enroll to meet the minimum participation requirement.

- Employer can register on SHOP, employees can sign up for plans, and if not enough sign up to meet 75% minimum, SHOP will retain all the information submitted and ER can re-apply in the same year.

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SHOP Exchange: Tax credit for small businesses

- Must use SHOP to get Small Business Health Care Tax Credit (SBHCTC), a tax credit covering up to 50% of health insurance premium.
- SBHCTC estimator:
<http://www.taxpayeradvocate.irs.gov/calculator/SBHCTC.htm>
- IRS Business Help Line at 1-800-829-4933

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The SHOP shopping experience:

Plan Options:

For 2014, Employers can select only one plan to be offered to its employees. Full range of options expected for 2015.

- **October 1, 2013**- small employers access the SHOP to see available plans
- **November 1, 2013** – employees access the SHOP to review and enroll in plan
- **January 1, 2014** – coverage effective date for health and dental plans

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Employer shopping on SHOP:

- Directly, without broker assistance
- Brokers
- Web-brokers

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Required notice to employees of coverage options:

- Applies to all employers subject to the FLSA.
- Must be sent no later than October 1, 2013.
- New hires must receive within 14 days of start date.
- Department of Labor templates for employers who do and do not offer coverage .

<http://www.dol.gov/ebsa/pdf/FLSAwithplans.pdf>

<http://www.dol.gov/ebsa/pdf/FLSAwithoutplans.pdf>

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Required notice to employees of coverage options must include:

- Notice of exchange's existence.
- Possibility of employee being APTC eligible if employer's share of the total allowed costs of benefits provided under the plan is less than 60 percent of such costs.
- Possible loss of any employer contribution if plan purchased via the exchange.

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Taxes and Fees

Patient Centered Outcomes Research Institute (PCORI) Fee

- Applies to both fully-insured and self-insured business
- First plan year ending after 9/30/12, \$1 per covered life per year
- Submitted through IRS Form 720; due by July 31 of following year

Transitional Reinsurance Program Fee

- Applies to both fully-insured and self-insured business
- In effect 2014 through 2016
- \$63/year/covered life (\$5.25 per member per month)

Health Insurance Providers Fee (premium tax)

- Applies to only fully-insured business; applicable non-profits pay 50% the rate as for-profits.
- In 2014, must raise \$8 billion nationally; fee can increase annually.

"Cadillac" Tax

- Applies to both fully-insured and self-insured business
- Goes into effect 2018

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Informative websites:

- **www.Healthcare.gov**
- **www.Kaiserhealthnews.org**
- **Kaiser Family Foundation -healthreform.kff.org**
(subsidy calculator)
- **www.Irs.gov**
(apply here for Small Business Tax Credit)

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Health Care Reform
*Employer Shared
Responsibility*

Maria M. Proulx, Senior Counsel
August 8, 2013

Prepared for: Southern NH
University- Small Business Forum

Large Employer Shared Responsibility (ESR)

When?

- The ESR requirement was set to take effect on 1/1/14. On 7/2/13, the federal government announced a delay in the effective date until 2015.

Who & How Determined?

- Employers having 50 or more full-time employees or a combination of full time employees and part-time employees (full time equivalency test);
 - Full time Employee is defined as an employee who works on average at least 30 hours of service per week
- In 2014, Employers, using employment information from 2013, must average the number of employees across the months in the year

What?

- Offer 95% of FTE's and their dependents employer sponsored coverage that is "affordable" and provides "minimum value."
 - Affordable Coverage: Employee's share of premium cannot exceed 9.5% of Employee's annual income.
 - Minimum Value: Cover at least 60% of the total allowed cost of benefits that are expected to be incurred under the plan.

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ESR- Employee Counting

Step 1: Full Time Employee: Calculate the number of employees who work at least 30 hours per week or 130 hours in a given month.

Step 2: "Full Time Equivalency": For any non-full time employee -add up the total hours worked during a given month for every employee and divide by 120.

- **for step 1 and 2 you must include actual hours worked and paid time off**
- Include fractions at this point.

Step 3: Add the results of Step 2 and Step 1.

Step 4: Repeat steps 1, 2 and 3 for every month.

Step 5: Add up the total for the year.

Step 6: divide the total from Step 5 by 12.

- Drop all fractions and round down at this point.

Step 7: If the result in Step 6 is 50 or greater, your company is a large employer for purposes of ESR

** Seasonal exception: if your company exceeds the threshold for 120 days or less, and those employees "seasonal" employees, your company is not a Large Employer. 70

Calculation Example ABC Corporation

Jan – March : 38 FT employees and 1800 hours worth of PT employees

- Step 1: 38 FT employees
- Step 2: $1800 \div 120 = 15$
- Step 3: 53 total FT and Full time equivalent employees.

April - July: In April, ABC has some PT employees quit and hires one new FT employee

- Step 1: 39 FT employees
- Step 2: $1500 \div 120 = 12.5$
- Step 3: 51.5 FT and full time equivalent employees.

August:- December : eight full time employees unexpectedly quit, ABC adds PT hours

- Step 1: 31 FT employees
 - Step 2: $2040 \div 120 = 17$
 - Step 3: 48 FT and full time equivalent employees.
-

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Calculation Example ABC Corporation (Cont.)

Step 4: done above (repeated steps 1, 2, and 3 for every month)

Step 5: 605

Step 6: 50.4 (drop fractions at this point and round down)

Step 7: the employer is a large employer for purposes of ESR applicability

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Employer Pay or Play

- Penalties apply if:
 - Employer does not provide coverage to at least 95% of FT employees and any FT employee gets subsidized coverage through the exchange

OR

- Employer does provide coverage and any FT employee gets subsidized coverage through exchange because employer's coverage is either unaffordable or does not provide minimum value



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Employer Penalties

Employers that do NOT offer coverage to at least 95% of full-time employees:

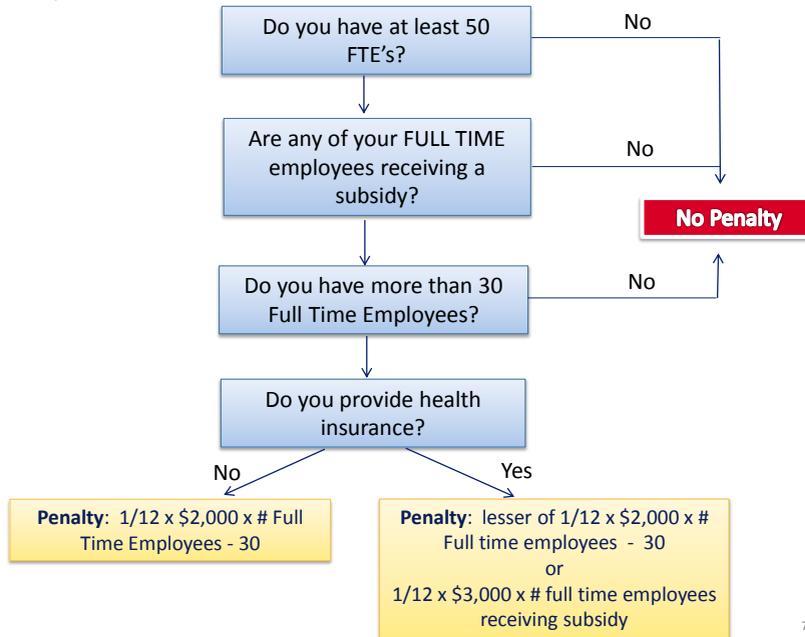
- \$2,000 per full-time employee
- Excludes first 30 employees

Employers that offer coverage but that coverage is either unaffordable or does not provide minimum value:

- \$3,000 for each employee that receives subsidized coverage through an exchange
- Capped at \$2,000 per full-time employee (excluding first 30 employees)

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Penalty Flowchart:



Look Back Periods: Measurement Period

For Ongoing Employees:

- Employers will establish a Look Back or Measurement Period
- 3 to 12 consecutive calendar months – Chosen by Employer
- Did employee average 30 hours per week?
- If employee is considered full time – the employee will be considered full time for a set period – Referred to as a Stability Period
- Stability Period: the future period during which an employer must offer coverage to a full time employee. Employer can choose the greater of
 - 6 calendar months in a row; or
 - The length of the look back period

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Notification of ESR Penalty

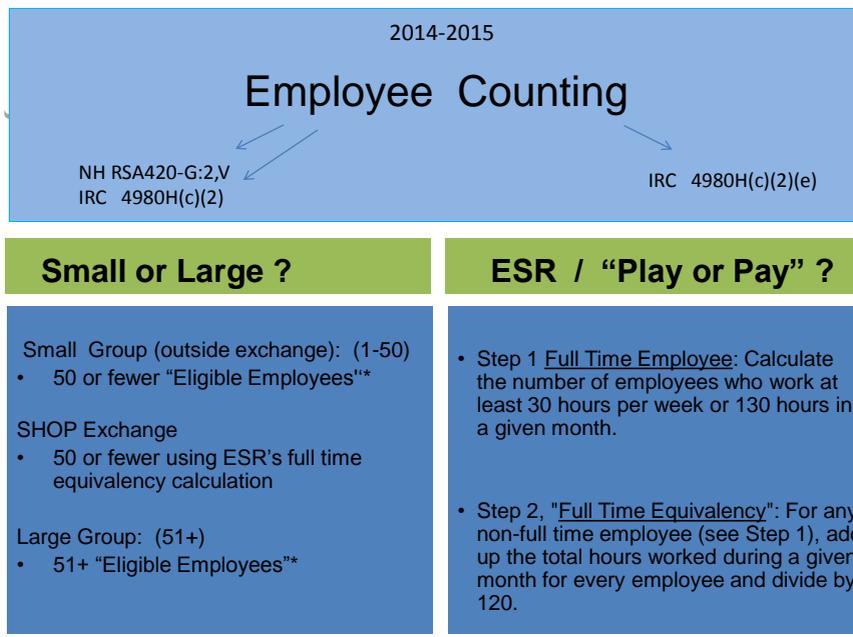
How?

- IRS will contact employers to inform them of potential liability and provide opportunity for response. If ESR liability is confirmed, IRS will send notice and demand for payment.

When?

- After the employees' individual tax returns are due claiming premium tax credits and after the due date employers must file the information returns identifying their FTE's and describing any coverage offered.

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Northeast Delta Dental: Our plans on and off the NH Health Marketplace



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On the NH Marketplace:

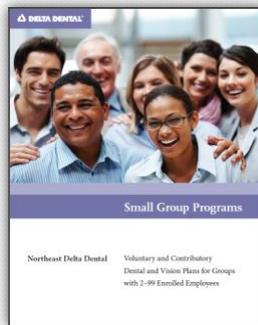
- Two individual/family and small group options
- Can be purchased for children only or adults and children
- Children’s coverage will have annual out-of-pocket limits and will cover medically necessary orthodontia

Delta Dental EPO Benefits/Features	Enrollees Under Age 19		Enrollees Age 19 or Older
	Benefits prior to reaching the out-of-pocket maximum	Benefits after reaching the out-of-pocket maximum	
Plan Year Out-of-Pocket Maximum	\$700 per child to \$1,400 max.	N/A	None
Diagnostic & Preventive	100%	100%	100%
Basic Restorative	80% or 60%	100%	80% or 60%
Major Restorative	50%	100%	50%
Medically Necessary Orthodontia	50%	100%	N/A
Office Visit Copayment	\$15 or \$30	N/A	\$15 or \$30
Plan Year Deductible Per Person	\$50 or \$150	\$0	\$50 or \$150
Plan Year Maximum Per Person	None	None	\$1,000

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Off the NH Marketplace:

- Same individual/family and small group options as today
- No interruption to existing coverage or contracts
- Studying the feasibility of adding ACA-compliant pediatric dental benefits to our standard policies for individuals and groups looking for this coverage



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Q&A

THANK YOU FOR ATTENDING

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